



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	SB0419	Title:	TIF for county roads
Primary Sponsor:	Jackson, Verdell	Status:	As Introduced

- | | | |
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| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	***** UNKNOWN *****			
Net Impact-General Fund Balance:	***** UNKNOWN *****			

Description of fiscal impact:

This bill creates a new tax increment financing district (TIF) type for county road improvement and maintenance. It also has some of the clean up language that is contained in SB48 to ensure all tax increment financing districts are included, it amends the terms "aerospace transportation and technology district" or "technology district" into existing statutes.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

1. This bill creates a new tax increment financing district type, at the present it is unknown if any entity will choose to use this financing vehicle for road development and maintenance. There is no historic information from which to predict the scope of county road and maintenance projects.
2. For any county road and maintenance tax increment financing project that is approved, the loss to the general fund would be the amount of 95 mill general fund revenue that would have been levied against the taxable value of all land and residential improvements within the district (TIFs do not retain the 6 mill university levy).
3. The department does not anticipate any additional administrative expenses from the passage of this bill.

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
<u>Revenues:</u>				
General Fund (01)	***** UNKNOWN *****			
TOTAL Revenues	***** UNKNOWN *****			
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	***** UNKNOWN *****			

Effect on County or Other Local Revenues or Expenditures:

1. Local government revenues would be reduced by the amount of local and school mills that would have been milled against the taxable value of all land and residential improvements within the district.

Montana Association of Counties (MACO)

2. This bill would allow for the creation of Tax Increment Finance (TIF) Districts, similar to other types of TIF districts currently authorized in statute. Upon the creation of the district, the tax value of current property would continue to flow to all taxing jurisdictions. Any new property or increase in value of current property would be included in the "increment". The incremental value would be directed to the district and could only be used for specified purposes.
3. This bill would not reduce current revenues for any taxing jurisdictions; however the potential for increased revenue to those jurisdictions would be lost for the duration of the district. It is unknown how many county road improvement and maintenance districts might be created if this bill is passed into law.

Technical Notes:

1. Section 3 of this bill amends the definition of "incremental taxable value" for county road improvement and maintenance district to be the difference between actual taxable value and the base taxable value "of all land and residential improvements within the district". All other TIF districts the incremental taxable value includes ALL property (including commercial, residential, industrial, centrally assessed, agricultural, forest land, and personal property).
2. Language of section 3 may create confusion local government officials, based on the requirements of all other TIFs, may incorrectly apply standard TID language to the county road and maintenance TIFs.
3. The broad use of the words "all land" could be construed to include residential land, commercial land, industrial land, agricultural land, and forest land.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date